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THE TRADE AGREEMENTS PROGRAM AND AMERICAN AGRICULTURE

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by

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The lack of balance in recent years between agricultural production in the United States and the effective demand at home and abroad for our farm products, and the efforts of the federal government to effect adjustments in supplies calculated to establish a better balance, are matters familiar to us all. Equally familiar is it that reliance upon planned crop reduction has been the subject of not a little criticism from economists and others on the ground that such reduction is predicated upon an economics of scarcity rather than of plenty. Whatever may be the merits of this contention - and surely it will not be denied that the agricultural adjustment program has been one major factor contributing to the great increase in farm income that has occurred during the past three years - there is one thing, at least, upon which all of us ought to be able to agree. We can, I think, agree that any really sound measures that can be taken to revive the demand for farm products at home and abroad will be to the good. If that is a mere platitude, it is nevertheless one which requires stating, if only for the reason that so many critics of the agricultural adjustment program have seemingly wished to "have their cake and eat it" by objecting both to crop curtailment and to the doing of things which it is clearly necessary to do if market outlets for farm surpluses are to be revived and the need for crop curtailment reduced to a minimum.

One of the things that it is necessary to do is to encourage the revival of our foreign trade. To that end Congress, in June, 1934, enacted the Trade Agreements Act. This Act authorizes the President to enter into trade agreements with foreign countries providing for reciprocal reduction of existing barriers to trade. To that end, the Act authorizes him to reduce the duty on any domestic product included in the agreement by not to exceed 50 per cent

of the pre-existing rate. The Act has been in effect about a year and a half. What has it accomplished for American agriculture? Have the results thus far been satisfactory or disappointing? What are the future possibilities?

Up to December 15, 1935, trade agreements had been signed with seven countries, namely, Cuba, Belgium, Haiti, Sweden, Canada, Brazil, and Colombia 1/. Four of these agreements are actually in effect: those with Cuba, Belgium, Haiti, and Sweden. Two others - those with Canada and Brazil - come into effect on January 1, 1936, though the Canadian is subject to ratification within one year by the Canadian Parliament. The seventh - that with Colombia - now awaits ratification by the Colombian Congress. As of December 15, negotiations were either approaching completion or at a fairly advanced stage with the following countries: Netherlands 1/, Switzerland, France, Spain, Finland, Guatemala, and Honduras 1/. Up to that time negotiations had also been publicly announced with Costa Rica, Salvador, Nicaragua and Italy but had made little progress in the case of the three Central American countries, and virtually none in the case of Italy. With respect to an additional group of countries data had been assembled to assist in appraising the possibilities of trade negotiations, but no negotiations had been authorized.

1/ After this paper was prepared two more countries were added to the agreements list - Netherlands and Honduras. The agreement with Netherlands, signed December 20, includes tariff or other concessions (including bindings of existing favorable treatment) by Netherlands on the following agricultural items: lard and oleo oil and stearine (when used for certain purposes); leaf tobacco; apples, pears, grapes, grapefruit; raisins and prunes; canned fruits; canned asparagus; rolled oats; rice; cotton; wheat and wheat flour; soybean cake; and horsemeat. To Netherlands the United States makes concessions (including bindings) on the following agricultural items: cigar wrapper tobacco; Edam and Gouda cheese; pearl barley; broken rice; flower bulbs; seedlings of rose stock; poppy seed; field and garden seeds of various kinds; split peas; cabbage; sauerkraut; onions (pickled); sisal; kapok; palm oil; sago and sago flour; tapioca, tapioca flour and cassava. The agreement with Honduras, signed December 18, includes concessions by Honduras on the following agricultural items: hams, shoulders and certain other meats (in containers); rolled oats and other breakfast foods; fresh apples, pears, plums, grapes, cherries, and strawberries; canned and dried fruits; certain canned vegetables; wheat flour; condensed, evaporated and dried milk. Concessions to Honduras, chiefly bindings on the free list, include pineapples, guavas, mango pastes and pulps, bananas, cocoa beans, coffee.

Our foreign trade with the seven countries with which we had signed agreements up to December 15, 1935 constituted, in 1934, over 26 per cent of our total foreign trade. The seven countries with which negotiations are fairly well advanced account for an additional 12 per cent; while the four remaining countries among thoseannounced account for about 3 per cent. Thus, our trade with countries with which agreements have been signed or negotiations announced amounted to nearly 42 per cent of our total foreign commerce in 1934. With the seven countries with which agreements have been signed our total trade amounted, in 1929, to over $2\frac{1}{2}$ billions of dollars; in 1934, to less than one billion. With the entire group of eighteen countries announced for negotiation (including the seven already concluded) our trade amounted, in 1929, to nearly 4 billions; in 1934, to somewhat over $1\frac{1}{2}$ billions. The decline in quantities has, of course, been smaller. While the limitations of such figures are self-evident, they do serve in a general way to indicate the scope of the program.

Viewing the matter from the standpoint of exports only, it appears that in 1929 our shipments of all goods to the countries which have signed agreements were valued at $1,417,500,000 and in 1934, at $496,300,000; of agricultural products, $228,200,000 in 1929 and $79,700,000 in 1934. Analysis of the agreements indicates, further, that tariff reductions and liberalization of quotas have been obtained on agricultural products which comprised 42 per cent of our agricultural exports to the signing countries in 1929. In addition, these countries have bound themselves not to increase during the life of the agreements the pre-existing favorable rates (free or dutiable) on agricultural products which constituted, in 1929, a further 22 per cent of our agricultural exports to them. Moreover, the general provisions in these agreements contain clauses designed to alleviate existing arbitrary trade restrictions of various

kinds and to insure against their application in the future. And finally, but not least, they assure to us, through the most-favored-nation clause, the benefits of any concessions extended hereafter to third countries on products in which we may also be interested. In the case of our Cuban agreement, however, the concessions which the two countries extend to each other are exclusive.

The agricultural concessions which we have obtained thus far, including the bindings, cover a wide range of items of both major and minor importance. Including concessions obtained from Canada through her extension to us of most-favored-nation treatment, they cover some 130 items on the basis of U. S. customs classifications.

The most important group on which concessions have thus far been obtained is fruits and vegetables. This is not because of any disposition on the part of our negotiators to favor these over other agricultural items. It simply happens that the countries negotiated with normally have either year-round or seasonal deficiencies of many of the items in this group, and this has tended considerably to moderate their resistance to our pressure for concessions. A few illustrations will suffice. On grapefruit, Sweden removed its duty, Canada and Belgium cut theirs in half. On oranges we have obtained an extremely valuable concession from the country which takes by far the largest part of our exports, namely, Canada. Canada has placed oranges on the free list for the first four months of the year when about 40 per cent of our export movement occurs. This is one of the products on which Canada imposed a burdensome duty following our enactment of the Hawley-Smoot Tariff Act. Valuable though this concession is, it is interesting to note that it does not entirely undo the mischief caused by the Hawley-Smoot Act. It still leaves our oranges dutiable during eight months of the year, whereas they were formerly free throughout the year. On fresh apples and pears concessions in the form either of duty reductions or bindings of free entry have been obtained from all

but one of the seven countries signing agreements. To these six, our exports of apples and pears had declined by 1933, in terms of quantity, to about half what they were in 1929. On dried and canned fruits the story as to concessions is much the same. On fresh vegetables, concessions of capital importance have been obtained from Canada and Cuba. On canned vegetables, concessions - most of them valuable - have been obtained from all but Belgium and Haiti.

Particularly deserving of mention are the concessions obtained from Canada in the way of mitigating the system of arbitrary valuations on imports of fruits and vegetables which she has been employing since our enactment of the Hawley-Smoot Tariff Act. This system has included (1) maintenance of seasonal, minimum specific duties; and (2) maintenance of a particularly onerous system of advanced valuations, and assessment of anti-dumping duties on the basis of such advances. By this latter device the ad valorem rate has not only been applied on a valuation higher than the actual sales (invoice) price, but in addition the difference between this arbitrary high value and the invoice value has been charged as a so-called "dumping" duty. The new agreement abolishes the minimum specific duties for all but two items; it cancels the application of the system of advanced valuation in respect of a number of fresh fruits and vegetables; and on the remaining items it guarantees not to fix the valuations in excess of 80 per cent of the lowest advances heretofore fixed. The mitigation of this system of arbitrary valuations is of the utmost significance to domestic producers of fruits and vegetables interested in this trade, particularly when added to the straight duty cuts which we receive on these items.

Next in importance among the concessions thus far received are those on pork products and lard. On lard, concessions have been obtained in five of

the seven agreements, some of them extremely liberal. Cuba, which was once the third ranking outlet for lard, and whose imports of our lard fell from 80,000,000 pounds in 1929 to 11,000,000 in 1933, reduced her duty from a rate equivalent to about 9.6 cents a pound to one equivalent to 2.3 cents during the first year of the agreement and scaling downward to 1.5 cents in the third year. In addition, she agreed to abolish her consumption tax of one cent a pound before September, 1936. Colombia, another important market, reduced her rate on lard by 50 per cent; Haiti (provisionally) by 25 per cent; Canada by 12 per cent; while Belgium replaced a licensing system which made it impossible to know how much lard would be admitted, by allocation of a definite quota sufficient to assure us opportunity to compete for a volume of business roughly equivalent to what we actually had on the average in 1929-33. On pork products concessions have been obtained in every agreement except that with Brazil. On pickled pork, concessions, some of them large, were obtained from five countries which, in 1929, took over half our exports. On bacon, six countries which, in 1929, took 22 per cent of our bacon exports, granted us concessions, while Belgium also allotted us a definite quota. On hams and shoulders the story is roughly similar. These concessions on pork products and lard have been obtained in the face of protectionist policies so exaggerated that even countries ill-adapted to hog production have in some instances given way with great reluctance.

On grains and grain products the record is not quite so impressive. On the most important item, wheat, little progress has been made. Partly this is because the agreements concluded are not with countries which have heretofore been primary outlets. Partly, however, it is also due to a peculiar insistence upon protection to domestic wheat-growing which has recently been characteristic throughout the world wherever wheat <u>can</u> be grown. An additional difficulty arises from the fact that, except for soft wheat from the Pacific Northwest,

we have for some years been practically out of the world market, our prices considerably above world parity. This not only makes it much more difficult to qualify for concessions on this product on the ground that we are a major supplier to the country in question, but it also serves to cast doubt on our ability to take immediate advantage of such concessions as we do obtain.

On wheat flour, however, and on various other items in the grain and grain products group, concessions of real value have been obtained. Cuba, which is our largest single market for flour, cut her rate on flour milled exclusively from American wheat by 25 per cent, widened her tariff preference, and agreed to abolish within two years her consumption tax of 1/2 cent a pound. On rice, exports of which to all countries had fallen from 380,000,000 pounds (cleaned basis) in 1929 to 130,000,000 pounds in 1933, concessions or bindings have been obtained from four countries which took about a fourth of our exports in 1933. Important duty reductions have been obtained from Cuba and Canada, while Belgium and Sweden have bound rice on the free list. Canada and Cuba also grant duty reductions on corn, oats, barley, and rye. Five countries have granted us more or less substantial concessions on oatmeal.

Time does not permit a similar account of the other agricultural concessions. Suffice it to say that these have included, among others, such items as: evaporated, condensed, and powdered milk; live animals; various meat products; butter; oilcake; vegetable oils (cottonseed, corn, and soybean); poultry; eggs; a wide variety of field and garden seeds; walnuts; pecans; almonds; peanuts; cornstarch; etc.

No mention has been made of our two most important agricultural exports, namely, cotton and tobacco. Since most countries admit cotton free of duty or at nominal rates, the most that can be done directly on that item is to obtain a guarantee of continued favorable treatment. The agreements with Canada, Sweden, and Cuba do this. Indirectly, however, the trade agreements program

may eventually do much to assist cotton exports by increasing the capacity of foreign countries to pay for our cotton. With respect to tobacco, tariff concessions or bindings have been obtained in the agreements with Cuba, Colombia, and Belgium, the last a good secondary market. On tobacco, however, our chief obstacle in most of the leading export markets is not the high revenue duties but the existence of tobacco monopolies. The primary problem as the negotiations progress will be not so much to secure duty cuts as to insure against burdensome and discriminatory buying policies on the part of these monopolies.

So much as regards concessions granted by other countries on our agricultural products. What has been their effect on trade? Except in the case of Cuba, where the concessions are exclusive, the data are meager owing to the recency of the agreements. In value, our shipments to Cuba of agricultural products on which the chief concessions were granted increased by 174 per cent durir the first year of the agreement. In actual quantity, the increases in shipments of the most important items were likewise striking. Shipments of lard to Cuba approximately doubled in spite of a sharp rise in domestic prices and a rapid decline in our total exports of lard. Of other pork products our shipments to Cuba increased by as much as 50 per cent in spite of rising prices and at a time when total exports were greatly declining. Shipments of various other agricultural items, such as rice, onions, and potatoes, rose sharply. Of course, the increased shipments to Cuba were not entirely the result of the Cuban duty reductions. Undoubtedly, our sugar legislation and our tariff concessions on Cuban sugar, together with other economic and political factors, enhanced the effect of Cuban duty cuts.

As to the other countries the data are much less adequate. Belgian import statistics reveal heavy increases in imports from the United States during the first few months of the agreement; but certain disturbing factors, such as

devaluation of the Belgian currency and the withholding of goods from entry through the customs prior to the coming into effect of the agreement, greatly diminish the significance of the figures. As to Haiti, figures on individual items are not yet published; but it is interesting to note that our total exports to Haiti apparently increased in value by about a fourth during the first five months of the agreement. As regards Sweden, there are preliminary indications of distinctly encouraging increases in shipments of fruit and other concession items. So much as regards results to date.

In order to obtain these foreign concessions, and others on industrial products, it has been necessary to reduce our own tariff rates on both agricultural and industrial items. To suppose, as some have, that the program could be conducted on a more or less exclusive basis of trading industrial concessions for agricultural concessions, is to suppose something that is entirely impracticable. On the export side, every effort is, indeed, made to get agricultural concessions. Nevertheless, non-agricultural industries must also receive consideration. Nor can one ignore the effect of increased payrolls in such industries upon domestic outlets for farm products. As regards imports; while our concessions to other countries can, and should, stress reductions on non-agricultural items, it is manifest that tariff concessions on agricultural products are also justified when it appears that the benefits to agriculture as a whole will far outweigh the possible losses to some particular groups.

Nevertheless, the concessions that have thus far been granted on agricultural imports have been much more noteworthy for the clamor that they have aroused in certain quarters than for any demonstrable and serious damage which they have inflicted, or are likely to inflict, upon domestic producers. With respect to non-competitive agricultural products, such as coffee, there can, of course, be no injury. But examination of the concessions on more or less

competitive items suggests that, even on these, the immediate effects on domestic producers cannot be seriously injurious while the ultimate effects will probably be positively beneficial.

Take, for example, sugar. That the net result of our sugar quota legislation and of our reduction of the tariff on Cuban sugar, has been to give positive and substantial benefits to both the domestic and the Cuban sugar industries, will scarcely be denied. Or again, winter vegetables. The seasonal reduction of duties on vegetables from Cuba has been the subject of strong protest from Florida and other producing areas. But when all is said and done, careful definition of the seasons of reduced duties has greatly limited the possible extent of any increased competition from Cuba. In view of the extremely valuable concessions for winter vegetables in the Canadian agreement, it seems altogether probable that our producers have been gainers, rather than losers, by the program thus far.

When one turns to the Canadian agreement the situation is similar. Despite all protests concerning our agricultural concessions to Canada, the simple truth is that, while these concessions should prove of distinct value to the Canadians, they are not such as to warrant more than a small fraction of the protest that they have aroused. On cattle weighing over 700 pounds the duty was reduced from 3 cents to 2 cents a pound on a quantity equivalent to about 156,000 head - 3/4 of one per cent of our average total slaughter of cattle and calves in 1928-32. Even the reduced duty is 1/2 cent above the high duty which was in effect prior to 1930. Similarly, on dairy cattle and calves there are duty reductions on a limited number of animals. These reductions come at a time when, because of the inroads of the drought on our herds, cattle prices in the United States are already so far out of line with those in Canada as to attract very considerable numbers into our markets over the normally prohibitive tariff of 3 cents a pound. On cream a reduction of the duty from 56.6 cents

to 35 cents a gallon is limited to 1,500,000 gallons. This is equivalent to about 1/10 of one per cent of our annual production of milk and to 8/10 of one per cent of our production in the North Atlantic States, the principal area in which the Canadian cream will compete.

On certified seed potatoes there has been protest against the duty reduction. But this reduction is limited to a quota of 750,000 bushels, equivalent to a little over 5 per cent of our domestic production of seed. Meanwhile, Canada has agreed to give us most-favored-nation treatment on table potatoes, which, for the present, means free entry. Prior to 1930 we shipped her well up toward $1,000,000 of potatoes annually in spite of a substantial duty. Moreover, our domestic potato legislation would seem to assure domestic interests against loss.

In any event, it would be improper to look at the trade agreements program and its effects upon agriculture simply from the point of view of concessions on agricultural items. Nothing could better emphasize this fact than the Canadian agreement itself. Even on agricultural products Canada granted us concessions on items to a total value greater than that of our agricultural concessions to her. But the significance to American farmers of her industrial concessions must also be taken into account. On non-farm products Canada has granted us concessions on items of which she imported $400,000,000 from the United States in 1929-30 (Canadian fiscal year ended March 31, 1930). By 1934-35 their value had declined to $100,000,000. The new agreement, together with continued economic recovery in both countries, should enable us to recover a large part of this lost trade. Fully half of such gain should be reflected, directly or indirectly, in increased domestic payrolls. This should mean an increased domestic demand for products of both farm and factory, including agricultural items on which duties have been reduced. The same reasoning applies to the other trade agreements. To the

seven countries with which agreements have been signed (including Canada) we have obtained concessions on non-agricultural items of which we exported some $589,000,000 in 1929. By 1933 the value of these items had fallen to $148,000,000. These figures should convey something as to what the non-agricultural concessions may mean to American farmers.

Such, then, are the salient facts in the record to date. Though they clearly represent definite gains in the way of reviving our foreign trade, advantageous alike to agriculture and to the country as a whole, they will perhaps seem much less impressive to some than to others. So far as agriculture is concerned, it must be clear that the ultimate possibilities of the program will be far from achieved so long as it fails to include agreements with the United Kingdom and Germany. This is simply owing to the overwhelming importance of these two countries in the past as markets for our agricultural products. Even excluding cotton, their importance as market outlets is great; but of course their capacity, particularly that of Germany, to buy more American cotton will be also increased if they are enabled to sell more goods to the United States. None recognize these facts better than the officials themselves who are in charge of the trade agreements program. Unfortunately, however, the obstacles to negotiation with these two important countries have been such thus far as to prevent the initiation of active negotiations.

Before rendering any judgment concerning the trade agreements program, it is necessary to bear in mind some of the circumstances and difficulties accompanying its execution.

First of all, it will be well to disabuse ourselves of any notion that the Trade Agreements Act affords a means of achieving rapid and spectacular results. If others have supposed that it would, certainly those who drew up

the Act never so assumed. The truth is that the method itself is not one adapted to achievement of speedy results. To organize and plan the execution of the program in the thorough manner required to make it really effective and as likely as possible to avoid serious inequities, has itself been no mean task. Moreover, even under the best of auspices the conclusion of individual agreements with a long list of countries - involving in each case an extended period of preparation for the negotiations, hearings for the interested parties, and finally, the higgling and haggling over rates and other matters - could scarcely be expected to move at a rapid pace.

But as a matter of fact the auspices have not been ideal. All of us know how formidable and complex are the obstacles to international trade that have come into being in recent years. Only those, however, who have been at direct grips with the job of seeking to remove these obstacles are likely to realize the full extent of the difficulties they present to trade negotiation on terms calculated to achieve constructive and lasting results. A galaxy of arbitrary trade control devices, Machiavellian alike in technique and effectiveness, has driven such foreign trade as could survive more and more into artificial channels determined by policies of bi-lateral balancing of trade with individual countries. Exchange controls, clearing agreements, quotas, licenses: these and other devices have been employed by country after country to protect domestic currencies and to shelter domestic industries and agriculture. Serving only to intensify the use of such devices have been the efforts of exporting countries, through export subsidies and currency devaluation, to force their exports upon countries unwilling to receive, or unable to pay for, them. The result has been the growth of policies and commitments which make it exceedingly difficult in many cases to establish bases for trade negotiation consistent with the broad principles wisely laid down in the Trade Agreements Act.

The cornerstone of the trade agreements program is the unconditional most-favored-nation principle. Under the Trade Agreements Act the President is required to extend to all countries which are not discriminating against our commerce or pursuing policies tending to defeat the purposes of the Act, the benefits of the concessions which we grant to a particular country in our trade agreement with it. In return we assure that any concession which the other country grants or may hereafter grant to any third country shall likewise be extended to us. The purpose of this is to do away with policies of discrimination and retaliation, which lead to trade wars and general anarchy in international commercial relations, and to assure, instead, equality of treatment on a basis conducive to the expansion, rather than the further contraction, of international trade. If the tide is to be turned away from contractionist policies harmful to all nations, it must be done on that principle.

It is necessary here to be more specific. What we seek is more trade. We cannot get it by creating less - by resorting to the drastic, discriminatory and trade-paralyzing practices which other countries, harder pressed than we, have been employing to their own sorrow. But that does not leave us helpless in the face of these practices. Under our present policy the tariff reductions w which we make are generalized only to countries which are not discriminating against our commerce. That is to say, we <u>do</u> penalize countries which discriminate against us. On the other hand, we accord equality of treatment to those countries which accord it to us. We extend freely to non-discriminating countries the benefits of the concessions which we extend to a particular country with which we make a trade agreement. And reciprocally, we assure that our export industries will likewise receive the benefit of any concessions which the other contracting country may extend to third countries. By confining concessions in our trade agreements to items of which either country is a major supplier to the other, we are enabled successfully to combine a policy of tariff bargain-

ing with adherence to the unconditional most-favored-nation principle. To abandon this principle in favor of exclusive bi-lateral agreements or of bi-lateral, or perhaps even triangular, bartering, would be short-sighted and futile. It would be simply going over to the system which has already played havoc with international trade. It would undermine the whole basis for going forward with a program calculated to undo some of the damage for which our own past tariff mistakes have been in no small degree responsible.

The complicated nature of the trade barriers in foreign countries is not, however, the only obstacle on the foreign side. Another is the peculiar reluctance of foreign countries to grant concessions on agricultural products. So firmly intrenched has the idea of economic self-sufficiency become throughout the world that it is with the greatest difficulty - especially in the present state of international insecurity - that nations can be persuaded to reduce import restrictions on any agricultural product which can be grown within their own boundaries at less than a prohibitive cost.

Further difficulties arise from misunderstanding of, and opposition to, the program at home. Some of this is natural and to be expected. It would perhaps be a little too much to expect enthusiastic support of the program from those powerful groups which profit by high protection and are more than glad to insist upon continuance of that particular form of government interference with private business. This, however, only emphasizes the necessity of seeing to it that the claims of such industries are carefully sifted in order to insure against any serious inequities.

There is, however, not a little misunderstanding and criticism of the program in other quarters, some of it superficial, some not. Some of the most insistent criticism of the program is based upon misconceptions that indicate a total lack of understanding of the problem. Even certain periodicals which have

long advocated tariff reduction are finding each new agreement entered into an occasion for disappointment because it does not wholly conform to certain preconceived ideas as to the degree of reduction of our own tariff which is economically feasible or politically possible at this time.

Then again there are some, including a few economists, who, though professing to recognize the need for restoring our foreign trade, nevertheless find occasion to oppose this particular method of doing it. Some of them think it would be wiser to wait until the exchange parities of the leading world currencies can be stabilized. Others hold that the program is unsound in that it fails - at any rate as thus far applied - to work toward an adjustment of our international balance of payments in accord with our position as a creditor nation interested also in maintaining and expanding its export trade. Some even deny that we <u>are</u> any longer a creditor nation - quite mistakenly, I think. And so it goes.

I would be the last to deny that there is genuine merit in some of these criticisms. But I <u>do</u> deny that any of them is sufficient to nullify the usefulness of what has thus far been accomplished or to imply that the present program should not go steadily forward. That the achievement of exchange stabilization would, indeed, lessen the difficulties and add to the effectiveness of the program is not to be denied; just as, conversely, a recession of trade barriers would make it easier to maintain exchange stability. But even before the world's currencies are formally and definitively stabilized, a substantial measure of demobilization of trade barriers is possible on the basis of <u>de facto</u> stability. All of our trade agreements with European countries contain a provision designed to meet the situation which would arise in case of extreme future fluctuations of exchange.

Similarly, there is logic in the contention that the implications of our international creditor position are such as to call for an adjustment, sooner or later, of our trade balance to a debit basis and that the trade agreements thus far concluded do not, to say the least, furnish clear-cut evidence that they will

work immediately in that direction. That, however, is a far cry from saying that the trade agreements program will not, in the final analysis, work that way. What is of surpassing importance at the moment is that world trade barriers (our own, especially) be reduced and the volume of international trade greatly increased. If that is done, we need not worry too much as to whether a particular agreement tends to increase trade between the two countries somewhat more in one direction than in the other. With the volume of world trade greatly increased, adjustments of international payments will be much easier all around than they are now and the need for particular countries to resort to trade-throttling devices in order to protect their currencies will gradually disappear. International payments will then not only be balanced, but they will be balanced on the basis of a high, rather than a low, volume of international transactions. And that, after all, is what matters most.

The implications of what has been said should be clear. In the interest both of agriculture and of the country as a whole there should be such a widespread public support of the trade agreements program as will assure its continuance and expansion. If collateral measures can be taken to enhance the effectiveness of the program, well and good. And by the same token, if measures are contemplated which would seriously interfere with the program, they should be applied only under superior necessity. Much of lasting value has already been achieved through the Trade Agreements Act. With the support of an informed public opinion, much more can be accomplished in the future.